

	<i>Page(s)</i>
Corporate Information	2
Condensed Interim Financial Statements	
Condensed Consolidated Income Statement	3
Condensed Consolidated Balance Sheet	4
Condensed Consolidated Statement of Changes in Equity	5
Condensed Consolidated Cash Flow Statement	6
Notes to Condensed Interim Financial Statements	7 to 16
Management Discussion and Analysis	17 to 19
Additional Information provided in accordance with the Listing Rules	20 to 26

Board of Directors

Executive Directors

Mr. Ng Chun For Henry (*Chairman*)

Mr. Ng Ian (*Chief Executive Officer*)

Mr. Chan Kwai Ping Albert

Non-executive Director

Mr. Mak Wah Chi

Independent Non-executive Directors

Mr. Cheng Yuk Wo

Mr. Ng Hoi Yue

Mr. Tsang Kwok Ming Rock

Audit Committee

Mr. Cheng Yuk Wo (*Chairman*)

Mr. Mak Wah Chi

Mr. Ng Hoi Yue

Remuneration Committee

Mr. Cheng Yuk Wo (*Chairman*)

Mr. Mak Wah Chi

Mr. Tsang Kwok Ming Rock

Company Secretary

Ms. Lai Sze Wan

Auditors

Deloitte Touche Tohmatsu

Principal Banker

The Hongkong and Shanghai Banking
Corporation Limited

Registered Office

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Principal Place of Business

28/F, Henry House

No. 42 Yun Ping Road

Causeway Bay

Hong Kong

Principal Share Registrar and Transfer Office

Butterfield Fund Services (Bermuda) Limited

Rosebank Centre

11 Bermudiana Road

Pembroke HM08, Bermuda

Hong Kong Branch Share Registrar and Transfer Office

Standard Registrars Limited

Ground Floor

Bank of East Asia Harbour View Centre

56 Gloucester Road

Wanchai

Hong Kong

Stock Code

The Stock Exchange of Hong Kong Limited: 859

UNAUDITED INTERIM RESULTS

The board of directors (the “Directors”) of Zida Computer Technologies Limited (the “Company”) is pleased to present the unaudited interim results and condensed interim financial statements of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2005 (the “Period”), together with the comparative figures for the corresponding period in last year as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 September	
		2005 (Unaudited) HK\$'000	2004 (Unaudited) HK\$'000
	Notes		
Turnover	3	209,736	302,327
Cost of sales		<u>(205,249)</u>	<u>(294,668)</u>
Gross profit		4,487	7,659
Other revenue		850	603
Selling expenses		(708)	(711)
Administrative expenses		(7,257)	(6,285)
Finance costs	4	(83)	(148)
Provision for bad and doubtful debts		(582)	–
Impairment loss on development costs		(2,146)	–
Provision for slow-moving and obsolete inventories		<u>(1,257)</u>	<u>–</u>
(Loss)/profit before taxation	5	(6,696)	1,118
Taxation	6	<u>–</u>	<u>–</u>
Net (loss)/profit for the period		<u><u>(6,696)</u></u>	<u><u>1,118</u></u>
(Loss)/earnings per share	7		
– Basic		<u><u>(3.10) cents</u></u>	<u><u>0.55 cents</u></u>
– Diluted		<u><u>N/A</u></u>	<u><u>N/A</u></u>

CONDENSED INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED BALANCE SHEET

	<i>Notes</i>	30 September 2005 (Unaudited) HK\$'000	31 March 2005 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment		12,480	13,878
Development costs		–	3,250
Unlisted investment		245	245
		<u>12,725</u>	<u>17,373</u>
Current assets			
Inventories		2,015	3,960
Properties held for sale		350	350
Trade and other receivables	8	6,885	3,673
Pledged bank deposits		–	1,600
Bank balances and cash		14,750	8,903
		<u>24,000</u>	<u>18,486</u>
Current liabilities			
Trade and other payables	9	13,833	14,670
Secured short-term bank borrowings	10	1,741	3,325
Amount due to a former immediate holding company	11	5,080	–
		<u>20,654</u>	<u>17,995</u>
Net current assets		<u>3,346</u>	491
Total assets less current liabilities		<u>16,071</u>	17,864
Non-current liability			
Amount due to a former immediate holding company	11	–	5,080
		<u>16,071</u>	<u>12,784</u>
Capital and reserves			
Share capital	12	22,415	20,415
Reserves		(6,344)	(7,631)
		<u>16,071</u>	<u>12,784</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Capital reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2004 (Audited)	20,415	24,897	9,628	2,408	(37,358)	19,990
Net profit for the period	-	-	-	-	1,118	1,118
At 30 September 2004 (Unaudited)	20,415	24,897	9,628	2,408	(36,240)	21,108
Net loss for the period	-	-	-	-	(8,324)	(8,324)
At 31 March 2005 (Audited)	20,415	24,897	9,628	2,408	(44,564)	12,784
Opening balance adjustment for the adoption of HKFRS 3	-	-	-	(2,408)	2,408	-
At 1 April 2005 (As adjusted)	20,415	24,897	9,628	-	(42,156)	12,784
Shares issued at premium	2,000	8,200	-	-	-	10,200
Shares issue expenses	-	(217)	-	-	-	(217)
Net loss for the Period	-	-	-	-	(6,696)	(6,696)
At 30 September 2005 (Unaudited)	<u>22,415</u>	<u>32,880</u>	<u>9,628</u>	<u>-</u>	<u>(48,852)</u>	<u>16,071</u>

CONDENSED INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended 30 September	
	2005 (Unaudited) HK\$'000	2004 (Unaudited) HK\$'000
Net cash (used in)/from operating activities	(4,121)	1,889
Net cash from investing activities	1,652	71
Net cash from/(used in) financing activities	7,995	(2,684)
Net increase/(decrease) in cash and cash equivalents	5,526	(724)
Cash and cash equivalents at beginning of the period	7,483	5,870
Cash and cash equivalents at end of the period	<u>13,009</u>	<u>5,146</u>
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	14,750	6,251
Bank overdraft	(1,741)	(1,105)
	<u>13,009</u>	<u>5,146</u>

1. BASIS OF PREPARATION

The unaudited condensed interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

2. SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed interim financial statements have been prepared under the historical cost basis except for certain leasehold land and buildings in Hong Kong held for own use which are measured at revalued amounts.

The accounting policies used in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2005 except, in relation to the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) (which also include Hong Kong Accounting Standards (“HKASs”) and Interpretations) that affect the Group and are adopted for the first time for the current period’s financial statements:

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 34	Interim Financial Reporting
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets

HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKFRS 2	Share-based Payment
HKFRS 3	Business Combinations
HKAS-Int 21	Income Taxes – Recovery of Revalued Non-depreciable Assets
HKAS-Int 4	Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases

The adoption of HKASs 1, 2, 7, 8, 10, 12, 14, 16, 18, 19, 21, 23, 24, 27, 32, 33, 34, 36, 37, 38, 39, HKAS-Int 21 and HKAS-Int 4 has had no material impact on the accounting policies of the Group and the methods of computation in the Group's condensed interim financial statements. The impact of adopting the other HKFRSs is summarised as follows:

(a) Leases

In previous periods, the Group's leasehold land and buildings in Hong Kong held for own use were stated at their revalued amounts, being the fair value on the basis of their existing use at the date of revaluation less any subsequent accumulated depreciation and any impairment losses. In the current period, the Group has applied HKAS 17 "Leases", under which the land and buildings elements of a lease of land and buildings are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and buildings elements, in which case, the entire lease is generally treated as finance lease. To the extent that the allocation of the lease payments between the land and buildings elements can be made reliably, the leasehold interests in land are reclassified to prepaid lease payments under operating leases, which are carried at cost and amortised over the lease term on a straight-basis. Alternatively, where the allocation between the land and buildings elements cannot be made reliably, the leasehold interests in land continue to be accounted for as property, plant and equipment.

In the opinion of Messrs. Goldrich Planners & Surveyors Limited, an independent professional valuer, as the lease payments regarding the Group's leasehold land and buildings in Hong Kong held for own use cannot be allocated reliably between the land and buildings elements, the entire land lease payments in respect of those land and buildings are all classified as finance lease and continued to be accounted for as property, plant and equipment. This new accounting policy has no financial impact on the Group for the current or prior periods.

(b) *Business Combinations*

Excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition was previously known as "negative goodwill". In previous periods, negative goodwill arising from acquisition of subsidiaries prior to 1 April 2001 was credited to reserve in the year of acquisition. In accordance with the relevant transitional provisions of HKFRS 3, the Group has derecognised and transferred all negative goodwill balance of approximately HK\$2,408,000 to the Group's accumulated losses on 1 April 2005. No comparative amounts have been restated.

(c) *Share-based Payment*

HKFRS 2 "Share-based Payment" requires an expense to be recognised where the Group buys goods or obtains services in exchange for shares or rights over shares ("equity-settled transactions"), or in exchange for other assets equivalent in value to a given number of shares or rights over shares ("cash-settled transactions"). The principal impact of HKFRS 2 on the Group is in relation to the expensing of the fair value of Directors' and employees' share options of the Company determined at the date of grant of the share options over the vesting period. Prior to the application of HKFRS 2, the Group did not recognise the financial effect of these share options until they were exercised. The Group has applied HKFRS 2 to share options granted on or after 1 April 2005, if any. In accordance with the relevant transitional provisions of HKFRS 2, the Group has not applied HKFRS 2 to those share options granted before 1 April 2005 as all of these share options were granted before 7 November 2002. This new accounting policy has no financial impact on the Group for the current or prior periods.

3. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group in making operating and financial decisions.

(a) *Business segments*

Income Statement for the six months ended 30 September 2005

	Design and manufacture of computer motherboard and network products (Unaudited) HK\$'000	Supply of computer related products (Unaudited) HK\$'000	Supply of mobile storage and related products (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
TURNOVER	<u>11,558</u>	<u>166,839</u>	<u>31,339</u>	<u>209,736</u>
RESULTS				
Segment results	<u>1,908</u>	<u>1,782</u>	<u>797</u>	4,487
Unallocated corporate income				850
Unallocated corporate expenses				<u>(11,950)</u>
Loss from operations				(6,613)
Finance costs				<u>(83)</u>
Net loss for the Period				<u><u>(6,696)</u></u>

Income Statement for the six months ended 30 September 2004

	Design and manufacture of computer motherboard and network products (Unaudited) <i>HK\$'000</i>	Supply of computer related products (Unaudited) <i>HK\$'000</i>	Supply of mobile storage and related products (Unaudited) <i>HK\$'000</i>	Consolidated (Unaudited) <i>HK\$'000</i>
TURNOVER	<u>14,332</u>	<u>252,740</u>	<u>35,255</u>	<u>302,327</u>
RESULTS				
Segment results	<u>4,156</u>	<u>2,424</u>	<u>1,079</u>	7,659
Unallocated corporate income				603
Unallocated corporate expenses				<u>(6,996)</u>
Profit from operations				1,266
Finance costs				<u>(148)</u>
Net profit for the period				<u>1,118</u>

(b) **Geographical segments**

The Group's operations are located in Hong Kong and the People's Republic of China (the "PRC"). The Group's manufacture of computer motherboard and network products is carried out in the PRC, and supply of computer related products and mobile storage and related products is carried out in Hong Kong.

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services.

	Sales revenue For the six months ended 30 September	
	2005 (Unaudited) <i>HK\$'000</i>	2004 (Unaudited) <i>HK\$'000</i>
By geographical location:		
Hong Kong	94,209	135,143
The PRC	34,933	97,284
North America	6,952	15,686
Asia Pacific	44,987	40,186
Europe	28,433	13,602
Others	222	426
	<u>209,736</u>	<u>302,327</u>

4. FINANCE COSTS

The amounts represent interest on bank borrowings wholly repayable within five years.

5. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation has been arrived at after charging the followings:

	For the six months ended 30 September	
	2005	2004
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation and amortisation	2,458	3,446
Provision for bad and doubtful debts	582	–
Impairment loss on development costs	2,146	–
Provision for slow-moving and obsolete inventories	1,257	–
	<u>1,257</u>	<u>–</u>

6. TAXATION

No provision for Hong Kong Profits Tax has been made as the Group had no estimated assessable profit in Hong Kong for the Period (six months ended 30 September 2004: Nil).

Shenzhen Huaji Yuehai Technologies Company Limited (“Shenzhen Huaji”), a wholly-owned subsidiary of the Company established in the PRC, is subject to the PRC enterprise income tax. No provision for the PRC enterprise income tax has been made as Shenzhen Huaji had prior years’ losses brought forward to offset the estimated assessable profit in the PRC during the Period (six months ended 30 September 2004: Nil).

7. (LOSS)/EARNINGS PER SHARE

(a) *Basic*

The calculation of the basic (loss)/earnings per share is based on the net loss for the Period of approximately HK\$6,696,000 (six months ended 30 September 2004: net profit of approximately HK\$1,118,000) and the weighted average number of ordinary shares of 215,811,667 shares in issue during the Period (six months ended 30 September 2004: weighted average 204,145,000 shares).

(b) *Diluted*

Diluted loss per share for the Period had not been presented as the conversion of potential ordinary shares to ordinary shares would have anti-dilutive effect to the basic loss per share.

Diluted earnings per share for the six months ended 30 September 2004 had not been presented as the exercise prices of the Company's share options were higher than the average market price of Company's shares during that period and there was no dilution effect on the basic earnings per share.

8. TRADE AND OTHER RECEIVABLES

The Group has a policy of allowing an average credit period of 30 days to its trade customers. Included in trade and other receivables of the Group are trade receivables of approximately HK\$4,694,000 (as at 31 March 2005: approximately HK\$2,850,000), the aged analysis of which at the balance sheet date, and net of provisions, is as follows:

	30 September 2005 (Unaudited) HK\$'000	31 March 2005 (Audited) HK\$'000
Up to 30 days	4,354	2,626
31 – 60 days	25	25
61 – 90 days	–	9
More than 90 days	315	190
	<hr/>	<hr/>
	4,694	2,850
	<hr/> <hr/>	<hr/> <hr/>

9. TRADE AND OTHER PAYABLES

Included in trade and other payables of the Group are trade payables of approximately HK\$10,312,000 (as at 31 March 2005: approximately HK\$8,512,000), the aged analysis of which at the balance sheet date is as follows:

	30 September 2005 (Unaudited) HK\$'000	31 March 2005 (Audited) HK\$'000
Up to 30 days	5,953	7,170
31 – 60 days	2,218	309
61 – 90 days	206	146
More than 90 days	1,935	887
	<u>10,312</u>	<u>8,512</u>

10. SECURED SHORT-TERM BANK BORROWINGS

	30 September 2005 (Unaudited) HK\$'000	31 March 2005 (Audited) HK\$'000
Secured short-term bank borrowings comprise:		
Trust receipt loans	–	1,905
Bank overdraft	1,741	1,420
	<u>1,741</u>	<u>3,325</u>

11. AMOUNT DUE TO A FORMER IMMEDIATE HOLDING COMPANY

The amount is advanced from Tactful Finance Limited, the then immediate holding company of the Company in which Mr. Chang Chung Wa, Eddie, a former director of the Company, has beneficial interest. Tactful Finance Limited ceased to be the immediate holding company of the Company since 11 April 2005. For details of change in the Company's shareholding, please refer to the Company's announcement dated 11 April 2005.

The amount is unsecured, non-interest bearing and repayable in April 2006.

12. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1 April 2005 and at 30 September 2005	<u>1,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
At 1 April 2005	204,145,000	20,415
Issue of new shares (Note)	<u>20,000,000</u>	<u>2,000</u>
At 30 September 2005	<u>224,145,000</u>	<u>22,415</u>

Note:

On 14 June 2005, Henry Jewellery Holdings Limited (formerly known as True Ever Group Limited) ("HJHL"), the controlling shareholder of the Company, entered into a placing agreement with Kingsway Financial Services Group Limited ("Kingsway"), pursuant to which Kingsway, as placing agent, agreed to place, on a best effort basis, up to 20,000,000 shares of the Company (the "Placed Shares") held by HJHL to not less than six independent professional, institutional and/or other investor(s) at a placing price of HK\$0.51 per share (the "Placing Price"). On the same date, HJHL entered into a subscription agreement to subscribe for 20,000,000 new shares of the Company (equivalent to the number of the Placed Shares) at the Placing Price (the "Subscription"). The net proceeds of approximately HK\$9,983,000 raised from the Subscription will be used as general working capital of the Group (please refer to the Company's announcement dated 15 June 2005). The premium on the issue of new shares amounted to approximately HK\$7,983,000, net of shares issue expenses, was credited to the Company's share premium account.

13. OPERATING LEASE ARRANGEMENTS

The Group as lessee

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented factory premises which fall due as follows:

	30 September 2005 (Unaudited) HK\$'000	31 March 2005 (Audited) HK\$'000
Within one year	1,793	1,630
In the second to fifth year inclusive	<u>2,690</u>	<u>3,260</u>
	<u>4,483</u>	<u>4,890</u>

The Group as lessor

The Group has sub-leased its rented factory premises and committed tenants for next two years. At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	30 September 2005 (Unaudited) HK\$'000	31 March 2005 (Audited) HK\$'000
Within one year	1,322	1,144
In the second to fifth year inclusive	847	353
	<u>2,169</u>	<u>1,497</u>

14. BANKING FACILITIES

As at 30 September 2005, the Group's banking facilities were secured by the following:

1. the Group's leasehold land and buildings in Hong Kong held for own use with the carrying amount of approximately HK\$2,786,000 (as at 31 March 2005: approximately HK\$2,808,000);
2. cross-corporate guarantees between subsidiaries; and
3. cross-guarantees of HK\$3,300,000 (as at 31 March 2005: HK\$3,300,000) from Mr. Chang Chung Wa, Eddie, a former director of the Company, covering facilities granted to the Company's subsidiaries, Zida Technologies Limited and Vida Design Limited.

15. RELATED PARTY TRANSACTIONS

During the Period, Mr. Chang Chung Wa, Eddie, a former director of the Company, provided cross-guarantee of HK\$3,300,000 to the Company's subsidiaries, Zida Technologies Limited and Vida Design Limited.

In addition, Tactful Finance Limited, a company in which Mr. Chang Chung Wa, Eddie, a former director of the Company, has beneficial interest, provided finance to the Group as details in note 11 to the condensed interim financial statements.

INTERIM DIVIDEND

The Directors do not recommend the payment of interim dividend for the Period (six months ended 30 September 2004: Nil).

FINANCIAL RESULTS

During the Period, the Group recorded the unaudited consolidated turnover and gross profit of approximately HK\$209,736,000 and HK\$4,487,000 which represented decreases of 30.6% and 41.4% respectively over those of the last corresponding period. The decreases were mainly due to the fierce market competition in the information technology industry and thus increase in the provisions for doubtful debts and slow-moving and obsolete inventories of approximately HK\$582,000 and HK\$1,257,000 respectively. Together with the recognition of an impairment loss of approximately HK\$2,146,000 on development costs, the Group recorded a net loss for the Period of approximately HK\$6,696,000 in contrast to a net profit of approximately HK\$1,118,000 in the last corresponding period.

BUSINESS REVIEW AND PROSPECTS

During the Period under review, the Group's turnover contributed from (i) supply of computer related products business; (ii) supply of mobile storage and related products business; and (iii) design and manufacture of computer motherboard and network products business which accounted for approximately 79.5%, 14.9% and 5.6% respectively of the Group's turnover (six months ended 30 September 2004: approximately 83.6%, 11.7% and 4.7%). Owing to the intense market competition in the information technology industry, turnover of the aforesaid business segments dropped by 34.0%, 11.1% and 19.4% respectively as compared with that of the last corresponding period. As to geographical segment analysis, sales to Europe and Asia Pacific for the Period increased by 109.0% and 11.9 % respectively over the last corresponding period as the Group enhanced efforts in market promotion to expand its customer base and geographical coverage during the Period.

With the change in the composition of the board of Directors in May 2005, following the completion of the acquisition of the securities in the Company by Henry Jewellery Holdings Limited (formerly known as True Ever Group Limited) (please refer to the Company's announcements dated 11 April 2005, 22 April 2005, 29 April 2005 and 20 May 2005 for details), the new board of Directors is presently conducting a review of the Group's operations and financial position for the purpose of formulating business plans and strategies for the future business development of the Group. To maintain the Group's competitive edge, the Directors have been taking steps to enhance economic effectiveness by means of rationalization of production and logistics processes and closely monitoring of inventories. In addition, the Group will continue to strive to develop, manufacture and sell information technology consumer products with higher profit margins (including mobile storage and flash memory cards) to improve its product mix and profit margins.

Looking forward, the Directors believe that negative impacts of market situation will affect the business environment in the second half of the financial year 2005/2006. The Group will continue to develop its existing businesses while looking for new business opportunities so as to broaden the income base and to improve the profitability.

CAPITAL STRUCTURE, LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

The Group had cash balances of approximately HK\$14,750,000 and bank borrowing of approximately HK\$1,741,000 as at 30 September 2005. With cash and other current assets of approximately HK\$24,000,000 as at 30 September 2005 as well as available banking facilities, the Group has sufficient financial resources to satisfy its working capital requirements and commitments.

During the Period under review, the Company enlarged its shareholders' base and strengthened its financial position through the new shares placement completed in June 2005 as detailed in the Company's announcement dated 15 June 2005.

As at 30 September 2005, the current ratio was maintained at 1.16 (as at 31 March 2005: 1.03) with the Group's total short-term bank borrowings decreased from approximately HK\$3,325,000 as at 31 March 2005 to approximately HK\$1,741,000 as at 30 September 2005. The bank borrowings are denominated in Hong Kong dollars and have been arranged on a floating rate basis.

The Group's gearing ratio, calculated as total liabilities over total assets, was approximately 56.2% as at 30 September 2005, showing a slight improvement from the approximately 64.3% of the last financial year end.

TREASURY POLICIES

Most of the trading transactions, assets and liabilities of the Group were denominated in Hong Kong dollars, US dollars and Renminbi. The Group adopted relatively prudent financial policy and closely monitored its cashflow and did not enter into any derivatives products for hedging purpose during the Period under review.

CHARGES ON GROUP ASSETS

As at 30 September 2005, the Group's leasehold land and buildings in Hong Kong held for own use with carrying amounts of approximately HK\$2,786,000 (as at 31 March 2005: approximately HK\$2,808,000) was pledged to a bank to secure banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at 30 September 2005, the Group had no significant contingent liabilities or outstanding litigation.

CAPITAL COMMITMENTS

There was no capital commitments outstanding as at 30 September 2005.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any significant investments, material acquisitions and disposals during the Period.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2005, the Group had about 104 employees based in the PRC and Hong Kong. The remuneration of each staff was determined on the basis of his qualification, performance and experience.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

(a) Shares

As at 30 September 2005, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), which were notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") as adopted by the Company, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in ordinary shares of HK\$0.1 each of the Company

Name of Director	Capacity and nature of interest	Number of issued ordinary shares held	Approximate percentage of issued share capital of the Company
Mr. Ng Chun For Henry ("Mr. Ng")	Interest of a controlled corporation	152,618,000 (Note)	68.09%

Note:

Mr. Ng owned 152,618,000 shares of the Company through Henry Jewellery Holdings Limited, a company incorporated in the British Virgin Islands ("HJHL") (formerly known as True Ever Group Limited). Mr. Ng is entitled to exercise or control the exercise of one-third or more of the voting rights of HJHL so he is deemed to be interested in all shares held by HJHL by virtue of the SFO.

Long positions in ordinary shares of an associated corporation:

Name of Director	Name of associated corporation	Capacity and nature of interest	Number of issued ordinary shares held	Approximately percentage of issued share capital of the associated corporation
Mr. Ng	HJHL <i>(Note)</i>	Personal Beneficial owner	70	70%
Mr. Ng Ian	HJHL <i>(Note)</i>	Personal Beneficial owner	10	10%
Mr. Chan Kwai Ping Albert	HJHL <i>(Note)</i>	Personal Beneficial owner	10	10%

Note:

HJHL: Interests since 30 April 2005 and first recorded on 5 December 2005. The Company's ultimate holding company, is a company incorporated in the British Virgin Islands.

Save as disclosed above, none of the Directors or chief executives of the Company had, as at 30 September 2005, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) *Share Options*

Share Option Schemes

Due to the changes in the Listing Rules, share option scheme adopted on 29 April 2000 (the “Old Option Scheme”) was terminated at the Extraordinary General Meeting held on 3 September 2003 (the “EGM”). As a result, no further option will be granted under the Old Option Scheme. However, the options previously granted under the Old Option Scheme shall remain in full force and effect.

A new share option scheme (the “New Option Scheme”), which will expire on 2 September 2013, was adopted by the Company at the EGM. The primary purpose of the New Option Scheme is to provide incentives or rewards the employees and other persons who may have contribution to the Group, and/or to enable the Group to recruit and retain high caliber employees and attract human resources are valuable to the Group.

During the Period, no option had been granted, cancelled, lapsed nor exercised under the New Option Scheme of the Company. As at 30 September 2005, no share option had been outstanding under the New Option Scheme.

The following table discloses details of options outstanding under the Company's Old Option Scheme and movement during the Period:

	Notes	Option grant date	Exercise price HK\$	Number of share options				
				Outstanding at 1.4.2005	Granted during the Period	Lapsed/ cancelled during the Period	Exercised during the Period	Outstanding at 30.9.2005
Former directors								
	(1)&(5)	5 September 2000	0.77	600,000	-	(600,000)	-	-
	(2)&(5)	21 May 2001	0.26	9,400,000	-	(9,400,000)	-	-
Total for Former Directors				10,000,000	-	(10,000,000)	-	-
Employees								
	(3)&(5)	15 July 2000	0.568	675,000	-	(675,000)	-	-
	(4)&(5)	29 January 2001	0.24	210,000	-	(210,000)	-	-
Total for Employees				885,000	-	(885,000)	-	-
Grand Total				10,885,000	-	(10,885,000)	-	-

Notes:

- (1) The exercise period is divided into two trenches with 50% exercisable during the period from 26 August 2001 to 25 August 2005 and the other 50% exercisable during the period from 26 August 2002 to 25 August 2005.
- (2) The exercise period is 7 May 2002 to 6 May 2006.
- (3) The exercise period is divided into 3 trenches with 40% exercisable during the period from 15 January 2001 to 14 July 2005, 30% exercisable during the period from 15 July 2001 to 14 July 2005 and 30% exercisable during the period from 15 January 2002 to 14 July 2005.
- (4) The exercise period is divided into two trenches with 50% exercisable during the period from 29 January 2002 to 28 January 2006 and the other 50% exercisable during the period 29 July 2002 to 28 January 2006.

- (5) According to the terms of general offer made in April 2005 and as details in the Company's announcement on 20 May 2005, 9,400,000 share options granted to the certain former directors were lapsed after 13 May 2005 and all the remaining share options were cancelled on 20 May 2005.

SUBSTANTIAL SHAREHOLDERS

So far as is known to any Directors or chief executives of the Company, as at 30 September 2005, shareholders who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO or had otherwise notified to the Company were as follows:

Long positions in ordinary shares of HK\$0.1 each of the Company

Name of shareholder	Capacity and nature of interest	Number of issued ordinary shares held	Approximate percentage of issued share capital of the Company
Mr. Ng	Interest of a controlled corporation (<i>Note</i>)	152,618,000	68.09%
HJHL	Beneficial owner	152,618,000	68.09%

Note:

Mr. Ng owned 152,618,000 shares of the Company through Henry Jewellery Holdings Limited, a company incorporated in the British Virgin Islands ("HJHL") (Formerly known as True Ever Group Limited). Mr. Ng is entitled to exercise or control the exercise of one-third or more of the voting rights of HJHL so he is deemed to be interested in all shares held by HJHL by virtue of the SFO.

Save as disclosed above, as at 30 September 2005, the Company has not been notified by any persons who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

CORPORATE GOVERNANCE

Compliance with the Code on Corporate Governance Practices

The Company has complied with the Code on Corporate Governance Practices (the “CG Code”) as set out in Appendix 14 of the Listing Rules throughout the Period with deviation from code provision A.4.1 of the CG Code.

Code A.4.1 of the CG Code stipulates that non-executive Directors should be appointed for a specific term, subject to re-election. None of the existing non-executive Director and independent non-executive Directors of the Company is appointed for a specific term. However, in accordance with the Company’s Bye-Laws, at each annual general meeting, one-third of the Directors shall retire from office by rotation and become eligible for re-election. As such, the Company considers that sufficient measures have been taken to ensure that the Company’s corporate governance practices are no less exacting than those in the CG Code.

Audit Committee

The Company set up an audit committee on 23 May 2000 with terms of reference in compliance with the Listing Rules. Pursuant to the appointment of Mr. Mak Wah Chi, Mr. Cheng Yuk Wo and Mr. Ng Hoi Yue as audit committee members with effect from 21 May 2005, and the resignation of Dr. Li Chi Kwong, Mr. Henry Fung and Prof. Pan Xiao Mei with effect from 20 May 2005, the audit committee now comprises the non-executive Director and two independent non-executive Directors, namely, Mr. Mak Wah Chi, Mr. Cheng Yuk Wo and Mr. Ng Hoi Yue (the “Audit Committee”). The Audit Committee had reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim financial statement for the Period.

Remuneration Committee

The Company has established a remuneration committee (the “Remuneration Committee”) on 21 May 2005 in compliance with the Listing Rules, terms of reference of which have been adopted by the Company are consistent with the requirements of the CG Code. The Remuneration Committee currently comprises the non-executive Director and two independent non-executive Directors, namely, Mr. Mak Wah Chi, Mr. Cheng Yuk Wo and Mr. Tsang Kwok Ming Rock.

Compliance with the Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by Directors. All Directors have confirmed, following specific enquiry by the Company, that they fully complied with the required standard as set out in the Model Code throughout the review Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.

By Order of the Board
Ng Ian
Chief Executive Officer

Hong Kong, 16 December 2005

The Directors of the Company as at the date of this report are:

Executive Directors

Mr. Ng Chun For Henry (*Chairman*)

Mr. Ng Ian (*Chief Executive Officer*)

Mr. Chan Kwai Ping Albert

Non-executive Director

Mr. Mak Wah Chi

Independent non-executive Directors

Mr. Cheng Yuk Wo

Mr. Ng Hoi Yue

Mr. Tsang Kwok Ming Rock